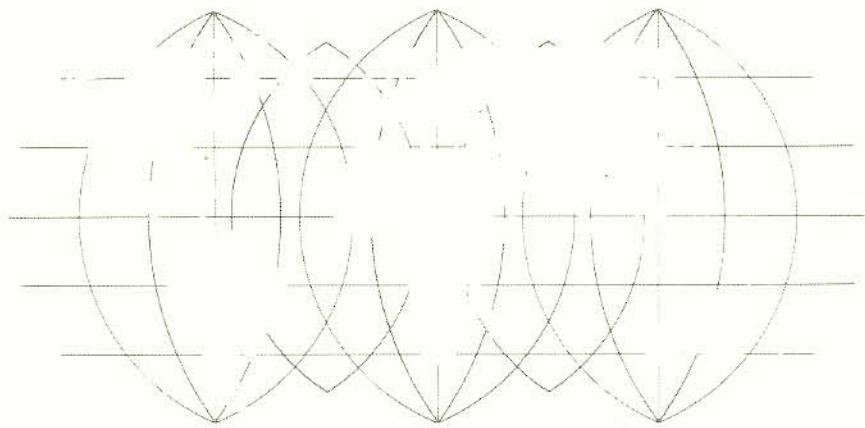
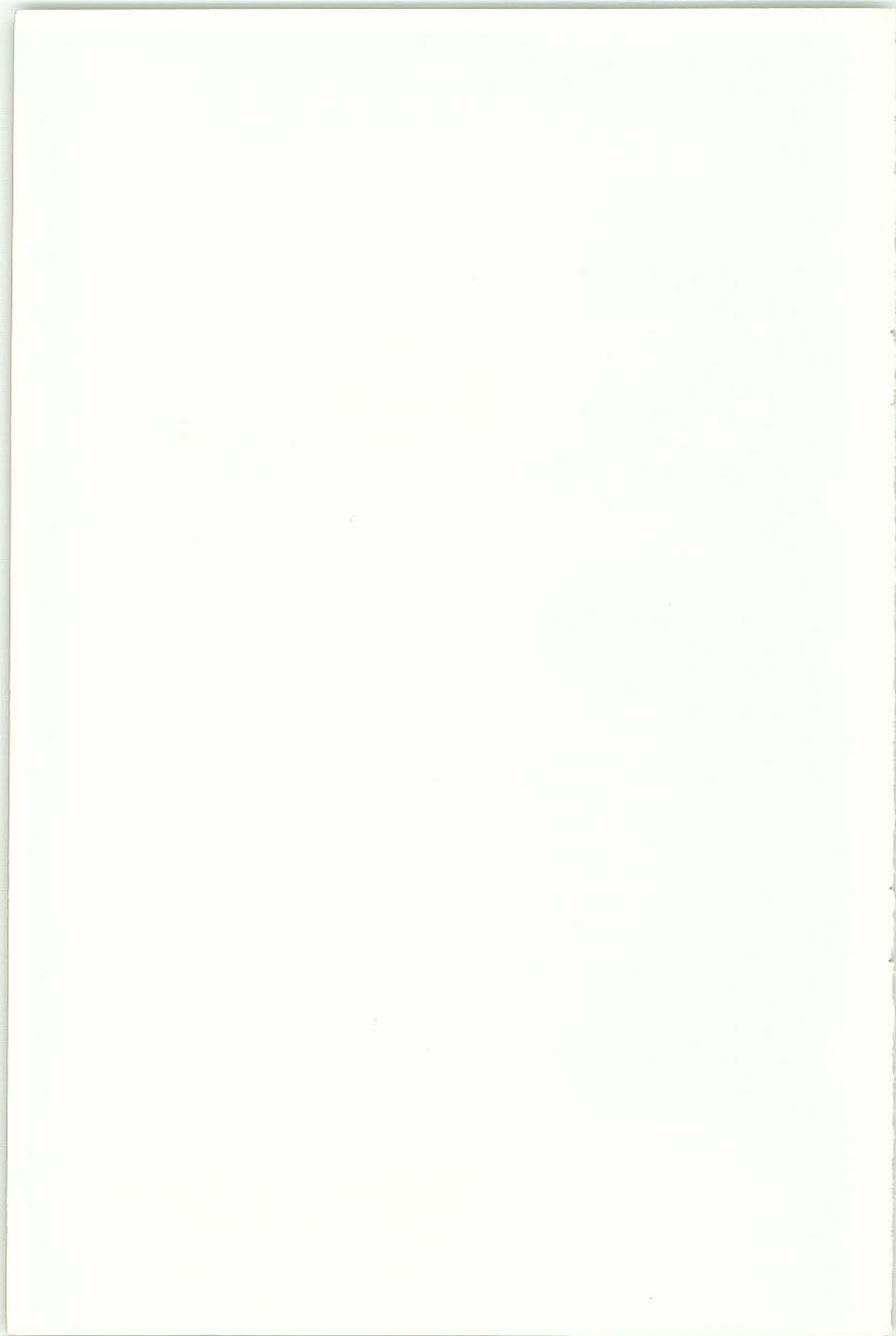


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1971 Annual Report





The Coca-Cola Company

Wilmington, Delaware

**1971
Annual
Report**

The Coca-Cola Company and Subsidiaries

*As a contribution to the conservation of our natural resources
and the protection of the ecology, the paper used in this report
has been manufactured from 100% reclaimed waste paper.*

"I'd like to buy the world a home
And furnish it with love;
Grow apple trees and honey bees,
And snow white turtle doves.

"I'd like to teach the world to sing
In perfect harmony;
I'd like to buy the world a Coke,
And keep it company."



People all over the world have expressed
harmonious agreement with the sentiments
of this commercial for Coca-Cola.

Letter to Stockholders

March 6, 1972

Consolidated net sales in 1971 were \$1,728,827,572 compared with \$1,606,401,160 in 1970. Consolidated net profit in 1971, after reserves, taxes, and all other charges, was \$167,814,911, or \$2.82 a share compared with \$146,875,967, or \$2.48 a share in 1970, an increase of 14%. Sales and earnings reached an all-time high.

The Coca-Cola Company remains dedicated to the support of national efforts designed to improve the quality of life through environmental

protection and continues to gain favorable recognition for its Foods Division's Agricultural Labor Project in Florida.

Stockholders were advised last year that the Federal Trade Commission had issued a proposed complaint against a number of soft drink companies, including The Coca-Cola Company, attacking the validity of the territorial provisions of the bottlers' contracts. In July 1971, the Commission formalized its proposal by the serving of actual complaints upon The Coca-Cola Company and

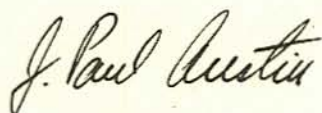
the other soft drink companies. Management of the Company has reaffirmed its intention to defend vigorously the integrity of its contracts with bottlers. This is likely to involve lengthy litigation which could extend over a period of years.

F. B. Eisenberg was elected a Director of the Company on August 2, 1971; John R. Talley was elected a Director on November 15, 1971 to fill the vacancy created by the voluntary retirement from the Board of Directors of Lee Talley, former President and Chairman of the Board. Charles W. Duncan, Jr. was elected President and Chief Operating Officer of The Coca-Cola Company on November 15, 1971; J. Paul Austin continues as Chairman and Chief Executive Officer.

On March 6, 1972, the Board of Directors increased the quarterly dividend rate by 4%, from 39½¢ a share to 41¢ a share, this being in accord with the maximum amount allowed under the guideline established by the President's Committee on Interest and Dividends. This dividend is payable April 1, 1972, to stockholders of record March 16, 1972, and marks the tenth consecutive year the dividend rate has been increased.

A separate mailing to stockholders will contain the proxy, proxy statement, and notice of the annual meeting of stockholders to be held on Monday, May 1, 1972, at 10:00 A.M., Wilmington time, at the office of the Company, 100 West Tenth Street, Wilmington, Delaware.

For the Board of Directors



Chairman



President

Board of Directors

- A. A. Acklin, Atlanta, Ga.
Retired. Former President, The Coca-Cola Company
- J. Paul Austin, Atlanta, Ga.
*Chairman, Board of Directors,
The Coca-Cola Company*
- C. H. Candler, Jr., Atlanta, Ga.
Director of Various Corporations
- Thomas H. Choate, New York, N.Y.
Investments
- J. C. Cleaver, Milwaukee, Wis.
*Retired. Former Chairman,
Board of Directors, Aqua-Chem, Inc.*
- William A. Coolidge, Cambridge, Mass.
Director of Various Corporations
- Charles W. Duncan, Jr., Atlanta, Ga.
President, The Coca-Cola Company
- F. B. Eisenberg, Atlanta, Ga.
*Senior Vice President and Treasurer,
The Coca-Cola Company*
- James A. Farley, New York, N.Y.
*Chairman, Board of Directors,
The Coca-Cola Export Corporation*
- R. W. Freeman, New Orleans, La.
*Chairman, Board of Directors,
The Louisiana Coca-Cola Bottling Company, Ltd.*
- Lindsey Hopkins, Miami, Fla.
Chairman, Board of Directors, Security Trust Company
- John T. Lupton, Chattanooga, Tenn.
*President, The Coca-Cola Bottling Works, Inc. (Dallas)
and Houston Coca-Cola Bottling Company*
- John A. Sibley, Atlanta, Ga.
*Honorary Chairman, Board of Directors,
Trust Company of Georgia*
- John R. Talley, New York, N.Y.
*President, The Coca-Cola Export Corporation and
Vice President, The Coca-Cola Company*
- D. A. Turner, Columbus, Ga.
*Chairman, Boards of Directors,
Columbus Bank & Trust Co. and W. C. Bradley Co.*
- George W. Woodruff, Atlanta, Ga.
Director of Various Corporations
- R. W. Woodruff, Atlanta, Ga.
Chairman, Finance Committee, The Coca-Cola Company

The Coca-Cola Company and Subsidiaries

Consolidated Statement of Profit and Loss

	YEAR ENDED DECEMBER 31,	
	1971	1970
Net sales	\$1,728,827,572	\$1,606,401,160
Cost of goods sold	927,334,862	880,751,494
GROSS PROFIT	801,492,710	725,649,666
Selling, administrative and general expenses ..	477,845,342	437,345,435
OPERATING PROFIT	323,647,368	288,304,231
Other income	14,927,299	13,490,525
	338,574,667	301,794,756
Less other deductions	11,015,756	10,611,789
PROFIT BEFORE TAXES ON INCOME ..	327,558,911	291,182,967
Provision for taxes on income	159,744,000	144,307,000
NET PROFIT	\$ 167,814,911	\$ 146,875,967
Net profit per share of common stock	\$2.82	\$2.48

Consolidated Statement of Earned Surplus

	YEAR ENDED DECEMBER 31,	
	1971	1970
Balance at January 1	\$ 548,739,856	\$ 486,691,836
Net profit for the year	167,814,911	146,875,967
	716,554,767	633,567,803
Dividends paid in cash (per share— 1971, \$1.58; 1970, \$1.44)	94,180,405	84,827,947
BALANCE AT DECEMBER 31	\$ 622,374,362	\$ 548,739,856

The Coca-Cola Company and Subsidiaries

Assets

	DECEMBER 31,	
	1971	1970
CURRENT:		
Cash.....	\$ 56,452,687	\$ 71,223,382
U. S. Government and other marketable securities—at cost (market price— 1971, \$136,640,523; 1970, \$79,310,890)	136,824,298	79,573,757
Trade accounts receivable (less allowance— 1971, \$2,076,547; 1970, \$2,085,102)....	129,757,262	121,453,841
Inventories.....	190,948,151	170,869,674
Prepaid expenses.....	22,685,309	19,158,813
TOTAL CURRENT ASSETS.....	536,667,707	462,279,467
MISCELLANEOUS INVESTMENTS AND OTHER ASSETS	52,205,443	47,644,621
PROPERTY, PLANT AND EQUIPMENT:		
At cost:		
Land and improvements.....	55,809,693	54,162,051
Buildings.....	201,738,511	191,398,202
Machinery and equipment.....	420,428,402	384,123,354
Containers.....	84,181,978	78,003,574
	762,158,584	707,687,181
Less allowance for depreciation.....	297,443,857	267,125,212
	464,714,727	440,561,969
FORMULAE, TRADE-MARKS AND GOODWILL—at cost.....	54,285,595	55,291,157
	\$1,107,873,472	\$1,005,777,214

Consolidated Balance Sheet

Liabilities

	DECEMBER 31,	
	1971	1970
CURRENT:		
Notes payable.....	\$ 20,408,887	\$ 13,370,716
Current maturities of long-term debt.....	3,652,253	3,762,455
Accounts payable and accrued accounts....	139,734,500	136,397,071
Accrued taxes—including taxes on income..	82,173,634	67,771,603
TOTAL CURRENT LIABILITIES.....	245,969,274	221,301,845
 LONG-TERM DEBT.....	 10,841,238	 16,077,289
 RESERVE FOR FOREIGN OPERATIONS...	 101,655,814	 101,655,814
 DEFERRED INCOME TAXES.....	 13,025,340	 12,501,576
 CAPITAL STOCK AND SURPLUS:		
Common stock—no par value; authorized 70,000,000 shares; (issued 1971, 59,657,048 shares; 1970, 59,466,020 shares)	60,017,910	59,824,972
Capital surplus.....	54,178,488	46,510,457
Earned surplus.....	622,374,362	548,739,856
	736,570,760	655,075,285
 Less shares of stock held in treasury—at cost (1971, 6,166 shares; 1970, 23,386 shares)	 188,954	 834,595
	736,381,806	654,240,690
	\$1,107,873,472	\$1,005,777,214

The Coca-Cola Company and Subsidiaries

Consolidated Statement of Changes in Financial Position

	DECEMBER 31,	
	1971	1970
SOURCE OF WORKING CAPITAL		
From operations:		
Net profit for year.....	\$ 167,814,911	\$ 146,875,967
Add charges not requiring outlay of working capital during the year:		
Provision for depreciation.....	52,108,268	48,217,732
Deferred income taxes.....	523,764	2,576,573
Other.....	5,311,543	7,372,151
TOTAL FROM OPERATIONS.....	225,758,486	205,042,423
Disposals of property, plant and equipment....	17,686,015	12,650,252
Proceeds from exercise of stock options.....	8,506,610	5,734,201
Other items, net.....	1,005,562	663,122
	<u>252,956,673</u>	<u>224,089,998</u>
APPLICATION OF WORKING CAPITAL		
Cash dividends.....	94,180,405	84,827,947
Additions to property, plant and equipment....	99,258,584	104,987,754
Increase in miscellaneous investments and other assets.....	4,560,822	12,025,324
Decrease in long-term debt.....	5,236,051	6,054,600
	<u>203,235,862</u>	<u>207,895,625</u>
INCREASE IN WORKING CAPITAL.....	49,720,811	16,194,373
Working capital at beginning of year.....	240,977,622	224,783,249
WORKING CAPITAL AT END OF YEAR..	<u>\$ 290,698,433</u>	<u>\$ 240,977,622</u>
INCREASE (DECREASE) IN WORKING CAPITAL, BY COMPONENTS		
Cash.....	\$ (14,770,695)	\$ (713,307)
U. S. Government and other marketable securities.....	57,250,541	7,399,913
Trade accounts receivable.....	8,303,421	18,107,956
Inventories.....	20,078,477	17,681,146
Prepaid expenses.....	3,526,496	(2,703,713)
Notes payable.....	(7,038,171)	420,312
Current maturities of long-term debt.....	110,202	(174,283)
Accounts payable and accrued accounts.....	(3,337,429)	(16,086,264)
Accrued taxes—including taxes on income....	(14,402,031)	(7,737,387)
INCREASE IN WORKING CAPITAL.....	<u>\$ 49,720,811</u>	<u>\$ 16,194,373</u>

Notes to Financial Statements

1. Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its subsidiaries.

The former "Reserve for unremitted foreign profits" was re-determined as of January 1, 1969 as a "Reserve for foreign operations" and is available to absorb abnormal foreign exchange revaluations and abnormal losses on foreign operations.

The Company's investments in consolidated subsidiaries outside the United States are shown below:

	December 31,	
	1971	1970
Current assets	\$175,677,126	\$168,773,848
Property, plant and equipment—net	174,196,616	147,340,442
Other assets	43,649,997	35,960,692
	393,523,739	352,074,982
Liabilities	148,448,776	136,796,243
Net assets	<u>\$245,074,963</u>	<u>\$215,278,739</u>

Property accounts, investments in foreign securities, and formulae, trade-marks and goodwill were translated at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at year end; income and expenses were translated at rates of exchange prevailing during the year except as to depreciation which was translated on the same basis as the related property accounts.

Net sales of foreign operations were 39% of total net sales in 1971 and 38% in 1970; profits attributable to such business, after allocation of general corporate expenses, amounted to approximately 50% of consolidated profits in each year.

2. Inventories are stated at the lower of cost (principally average or first-in, first-out method) or market except that inventories of certain major citrus concentrate products are stated at the lower of cost (last-in, first-out method) or market.

3. Long-Term Debt (exclusive of current maturities).

	December 31,	
	1971	1970
Mortgages on grove properties payable in installments through 1982 (average interest rate 5½%)	\$ 1,067,000	\$ 1,190,500
Other mortgages payable in installments through 1981 (average interest rate 1971, 7.6%; 1970, 7.0%)	1,115,834	1,572,044
Sinking Fund Debentures 5%, payable in installments through January 1974	300,000	600,000
Subordinated Debentures 5%, payable in installments through January 1976	1,400,000	1,550,000
Promissory notes 5%, payable in installments through 1978	2,250,000	2,625,000
Unsecured notes, principally of various foreign affiliates, payable in annual installments through 1977 (average interest rate—1971, 6.0%; 1970, 6.7%) ..	4,708,404	8,539,745
	<u>\$10,841,238</u>	<u>\$16,077,289</u>

4. Stock Options. Options are held by officers and employees of the Company and its subsidiaries to purchase shares of the Company's common stock at prices ranging principally from \$17.77 to \$96.32 per share in 1971 and from \$17.53 to \$84.00 per share in 1970. Further information relating to the options is as follows:

	1971	1970
Options outstanding at January 1	484,194	513,512
Options assumed in merger of Aqua-Chem	—	29,721
Options granted during the year	7,900	96,300
Options exercised during the year	(208,248)	(147,309)
Options cancelled during the year through death, retirement or resignation	(6,510)	(8,030)
Options outstanding at December 31	<u>277,336</u>	<u>484,194</u>
Options exercisable at December 31	<u>142,280</u>	<u>249,852</u>
Shares available for option which may be granted	<u>110,511</u>	<u>84,480</u>

5. Pension Plans. The Company and its subsidiaries have various pension plans covering substantially all employees, including certain employees in foreign countries. Pension expense determined under various actuarial cost methods, principally aggregate level cost method, amounted to \$10,643,256 in 1971 and \$9,763,674 in 1970. In general, pension costs are funded when accrued.

6. Depreciation and Investment Tax Credit. Provision for depreciation in the amount of \$52,108,268 in 1971 and \$48,217,732 in 1970 was charged to manufacturing and other expenses. Approximately 60% of the amount for each year was determined by the straight-line method and the remainder by accelerated methods.

The investment tax credit, which is not material, is accounted for by the flow-through method.

7. Changes in Capital during 1970 and 1971 are as follows:

	Common Stock Issued		Capital
	Shares	Amount	Surplus
Balance January 1, 1970	59,333,821	\$59,691,451	\$39,195,066
Sale of stock (132,203 shares of previously unissued and 15,106 shares of treasury) to employees exercising stock options	132,203	133,525	5,128,468
Excess of market price over cost of 42,320 shares of treasury stock issued for capital stock of Coca-Cola Bottling Company of Worcester	0	0	2,187,058
Other	(4)	(4)	(135)
Balance December 31, 1970	<u>59,466,020</u>	<u>59,824,972</u>	<u>46,510,457</u>
Sale of stock (191,028 shares of previously unissued and 17,220 shares of treasury) to employees exercising stock options	191,028	192,938	7,668,031
Balance December 31, 1971	<u>59,657,048</u>	<u>\$60,017,910</u>	<u>\$54,178,488</u>

Accountants' Report

To the Board of Directors
The Coca-Cola Company
Wilmington, Delaware

We have examined the consolidated balance sheet of The Coca-Cola Company and subsidiaries as of December 31, 1971, and December 31, 1970, and the related consolidated statements of profit and loss, earned surplus, and changes in financial position for the two years ended December 31, 1971. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered

necessary in the circumstances.

In our opinion, the accompanying statements, as identified above, present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1971, and December 31, 1970, and the consolidated results of their operations, changes in capital, and changes in financial position for the two years ended December 31, 1971, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst + Ernst

Atlanta, Georgia
February 28, 1972

The Coca-Cola Company

J. Paul Austin *Chairman, Board of Directors*
Charles W. Duncan, Jr. *President*

Senior Vice Presidents

Charles W. Adams	F. B. Eisenberg
Fred W. Dickson	C. A. Shillinglaw

Vice Presidents

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C. E. Boyd, Jr.	Donald R. Keough
R. J. Broadwater	Hugh W. Schwarz
Ovid R. Davis	J. H. Smit
S. N. Gardner	J. Lucian Smith

John R. Talley

George M. Lawson *Vice President and Corporate Counsel*
Richard F. Atwood *Vice President and General Counsel*
J. J. McGourty *Vice President and Controller*
F. B. Eisenberg *Treasurer*
J. W. Jones *Secretary*

Coca-Cola USA

Atlanta, Georgia

J. Lucian Smith *President*

Vice Presidents

J. E. Bilbo	William S. Judkins
J. Allen Brent	Malcolm A. McNiven
Homer C. Burrous	John M. Mount
Wilson P. Franklin	John H. Ogden
Ralph H. Garrard	Homer D. Olson
T. H. Gibson	A. E. Pickhardt
Richard D. Harvey	Francis H. Spears
Ira C. Herbert	Walter L. Susong
Clifton E. Hewell	Kelvin A. Wall
M. S. Hodgson, Jr.	James F. Williams

James W. Wimberly

Charles S. Lord *Secretary and Treasurer*

The Coca-Cola Export Corporation

New York, N.Y.

James A. Farley, New York *Chairman, Board of Directors*
John R. Talley, New York *President*

Senior Vice Presidents

P. W. D. Fairbairns, Hong Kong	R. C. Munsche, New York
M. H. Farnsworth, Coral Gables	H. B. Nicholson, Jr., London
C. M. Halle, London	J. W. Rintelen, New York
A. E. Killeen, Johannesburg	J. H. Smit, Atlanta
H. F. MacMillan, New York	C. P. Stephens, New York

Vice Presidents

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M. W. Bates, New York	G. J. Marazzini, Milan
A. J. Boller, London	T. Nowak, New York
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R. N. Chrane, New York	D. G. Sisler, Brussels
H. T. Circuit, Jr., Mexico City	W. O. Solms, Coral Gables
I. Gaul, Rome	F. Van de Walle, Buenos Aires
V. G. Hoppers, London	J. M. S. de Vicuna, Madrid
C. E. Hulley, Athens	H. F. Wilds, Jr., Coral Gables
A. A. Joary, Brussels	A. Young, Nairobi
Oel Johnson, New York	C. G. Zogran, New York

C. H. Hodgkins, New York *Vice President and General Counsel*
J. F. Stareshinich, New York *Controller*
S. Ayoub, New York *Treasurer*
H. F. MacMillan, New York *Secretary*

The Coca-Cola Company Foods Division

Houston, Texas

Donald R. Keough *President*

Vice Presidents

Thomas C. Cleveland

Robert V. Fey

John J. Gillin

Lee S. Harrow

Norman W. Jenkins, Jr.

W. M. Kelly

B. M. Middlebrooks

Matt S. Miller

Albert G. Munkelt

James L. Parker

Harold D. Wakefield

Roland G. Parker *Treasurer*

John N. Touchstone *Secretary*

Tenco

Linden, New Jersey

Edward Aborn *President*

Vice Presidents

Evan A. Dickson

Edward T. Down

John M. Miller

Philip Sacher

Frank W. Bachmann *Vice President and Secretary*

Coca-Cola Ltd.

Toronto, Ontario, Canada

R. E. Sewell *Chairman, Board of Directors*

G. J. Leonidas *President*

Senior Vice Presidents

A. B. Ballentine

L. M. Hunter

Vice Presidents

E. T. Griffith

G. D. Millson

W. F. Sherer

D. C. Robinson *Vice President and Treasurer*

A. B. Ballentine *Secretary*

Aqua-Chem, Inc.

Milwaukee, Wisconsin

John K. Collings, Jr. *Chairman, Board of Directors*

Jerome E. Vielehr *President*

Vice Presidents

Edward G. Giery

William C. Lindsay

Armando B. Steinbruchel

Jerome E. Vielehr *Treasurer*

Robert B. Harland *Secretary*

Transfer Agents

Wilmington Trust Company
Wilmington, Delaware

Morgan Guaranty Trust Company of New York
New York, New York

Trust Company of Georgia
Atlanta, Georgia

Registrars

Bank of Delaware
Wilmington, Delaware

The Chase Manhattan Bank N.A.
New York, New York

The First National Bank of Atlanta
Atlanta, Georgia

Dividend Disbursing Agent

Wilmington Trust Company
Wilmington, Delaware

